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IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF TEXAS

WACO DIVISION

VIDEOSHARE, LLC,	)(	
PLAINTIFF,	)(	CIVIL ACTION NO.
	)(	6:19-CV-663-ADA
VS.	)(	WACO, TEXAS
	)(	
GOOGLE LLC and YOUTUBE, LLC,	)(	JULY 23, 2021
DEFENDANT.	)(	1:31 P.M.

MOTION HEARING

BEFORE THE HONORABLE JUDGE ALAN D ALBRIGHT

UNITED STATES DISTRICT JUDGE

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01:32:39 THE COURT: Good afternoon, everyone.

01:32:42 MR. MANN: Good afternoon, Your Honor.

01:32:47 MS. AINSWORTH: Good afternoon, Your Honor.

01:32:48 THE COURT: Suzanne, if you'd be so kind as to call the case, please.

01:32:51 COURTROOM DEPUTY: Sure.

01:32:53 Motion hearing in Civil Action in W:19-CV-663 styled VideoShare, LLC, versus Google LLC and YouTube, LLC.

01:33:02 THE COURT: If I could have announcements from Plaintiff and then Defendant, please.

01:33:05 MS. AINSWORTH: Yes, Your Honor. This is Charley Ainsworth, along with Will Ellerman, Chris Bunt, and our client, Gad Liwerant. And Mr. Ellerman will be the main speaker today. And we're -- we're ready to proceed, Your Honor.

01:33:20 THE COURT: Mr. Ainsworth, you've become a frequent flyer of this court.

01:33:20 MR. AINSWORTH: That's right.

01:33:25 THE COURT: Always a pleasure to have you.

01:33:25 MS. AINSWORTH: Did you get through all your hearings yesterday?

01:33:28 THE COURT: I only had five, so -- and then this is -- don't tell anyone, because this is my last one today. I don't want the rumor to get out that I'm not doing enough. So -- but it's a good way to end it with such

great lawyers, so...

Mr. Mann?

MR. MANN: Good afternoon, Your Honor. Mark Mann on behalf of Google, and my colleague is with me today, Luann Simmons, and she'll be doing probably all of our speaking, or at least most of it, from O'Melveny Myers, and then Bill Trac. And then we have from Google, from general counsel's office, Demarron Berkley, and he's here to listen in. And we're ready to proceed, Your Honor.

THE COURT: Well, I hope I passed the audition. So if you will give me just one second here to get caught up.

Okay. I'm ready to proceed.

Counsel, you may -- Mr. Mann, I've already lost my place on who you said was going to be chatting, but I'm happy to hear from them.

MR. MANN: Luann Simmons, Your Honor.

THE COURT: Ms. Simmons? Very good.

MS. SIMMONS: Good afternoon, Your Honor. May I proceed?

THE COURT: Good afternoon. Yes, please.

MS. SIMMONS: Thank you, Your Honor.

I'll try to get right to the heart of the matter.

As Your Honor identified in the email setting the hearing, that what Your Honor is most interested in hearing

about is the Eli Lilly case. So I'm going to -- I'm going to try to get to that pretty quickly.

But I did want to just frame the issue a bit. You know, Google's motion is actually quite simple, or at least it's narrowly focused.

What Google is asking the Court to do simply is hold VideoShare to what it told the Patent Office and the public in its terminal disclaimer.

VideoShare chose to file a disclaimer that tied the termination date of the '341 patent, the sole patent asserted in this case, to the termination date of the '302 and '608 patents. And it is our view that the Federal Circuit has told us in the Eli Lilly case and other cases that as a matter of law, the result of that choice is that the '341 patent terminated on August 16, 2017, the termination date of those two patents.

And the -- VideoShare -- what VideoShare is trying to do now is to go back and -- and try to extend the '341 patent beyond what it told the Patent Office and the public its termination date was, and as a matter of law, it should not be permitted to do that.

And so as I promised I would do, let's go right to Eli Lilly, because that really is the key, I think, case related to the issues here.

What Eli Lilly told us -- now -- now this is all

in Footnote 5, and we agree this is in a footnote, but this footnote is actually not dicta. And what the Federal Circuit said in Footnote 5 was critical to its opinion, because essentially Footnote 5 is where the Federal Circuit says this is -- this is something that Eli Lilly could not have done in the -- in these circumstances to avoid double patenting. So this is why we have to now analyze double patenting -- the double patenting issue.

And so it actually is critical to the Federal Circuit's opinion. And you can see that in Judge Newman's dissent. Judge Newman also refers to it as a holding of the Court.

So with that aside, what did the Federal Circuit tell us in Footnote 5?

The Federal Circuit said two really pretty important things about terminal disclaimers that are relevant to VideoShare's terminal disclaimer.

First, the Federal Circuit explained to us what a terminal disclaimer does and what it can do and what it can't do importantly. The Federal Circuit said that a terminal disclaimer sets the second patent, so the newer patent's termination date to be the same as the existing actual termination date of the first patent, the earlier patent, at the time that the disclaimer is filed.

And it says that this is true even if that earlier

patent has a termination date now, you know, at the time the disclaimer is being filed, that is different than what it would have been had the normal 20-year, you know, term apply.

The Federal Circuit was -- was clear about this. The patent owner can't now at this -- at this point in time when it's filing its disclaimer set the second patent to expire on the date that the first patent would have expired under the normal 20-year term if something has happened to change that date for the first patent. You can't go back and reclaim that.

And the second thing that the Federal Circuit told us in Eli Lilly is it told us a bit about what it means. What is termination date of the first patent? What is that?

And the Federal Circuit explained -- and this -- this makes sense given all of the other precedent from the Federal Circuit and -- that a termination date of the patent is the date on which the patent owner can no longer exclude others from practicing the claimed invention.

So that's -- that's when the right to exclude is terminated. And that can happen in all sort of ways. It can happen through the normal expiration of the default 20 years. It can happen through disclaimer, as it did in Eli Lilly. It can happen -- it can be extended, actually,

beyond the 20 years based on some adjustment that happened during prosecution. Or it can be truncated as a result of a finding of invalidity, which is what happened in the present case.

But the Federal Circuit in this footnote makes it clear that it doesn't matter how that first patent ended up with a termination date that might be different than the default 20-year date would have been. That is the date, and that is the only date to which the patentee could now tie the termination of the second patent through a terminal disclaimer.

And so this -- this binding Federal Circuit authority, in our view, means that VideoShare's terminal disclaimer, as I said, set the termination date for the '341 patent to be the date that the '302 and '608 patents terminated.

And it's our view that the Federal Circuit's authority makes it clear that even if VideoShare meant to or wanted to, it could not have, as a matter of law, set the '341 patent to terminate on the date that those two earlier patents would have terminated under the -- the default 20-year term. It -- they cannot reclaim that period of time through a terminal disclaimer.

The -- therefore, the termination date for the '341 patent was August 16, 2017. And that means that the

01:40:34 legal result of VideoShare's express terminal disclaimer
01:40:40 was to disclaim the full term of the '341 patent, which you
01:40:45 can do. The statute regarding disclaimers makes it clear
01:40:48 that the full term can be disclaimed, and that is, in fact,
01:40:52 what VideoShare did, or at least that's the legal
01:40:54 consequence of what VideoShare said in its terminal
01:40:57 disclaimer.
01:40:58 And, you know, it is our view that not only do the
01:41:04 cases that we cite support that result or -- or show that
01:41:09 that's the legal consequence of their action, even the
01:41:12 cases that VideoShare cites, in our view, support that
01:41:20 result, because those cases all stand for the proposition
01:41:23 and all say what a terminal disclaimer does is it fixes, as
01:41:27 the Federal Circuit said in Ortho Pharmaceuticals, one of
01:41:31 the cases that VideoShare cited, it fixes, quote, an
01:41:34 earlier date certain upon which the second patent will
01:41:37 expire or terminate.
01:41:39 And we agree, that's exactly what VideoShare did.
01:41:43 Now, is that -- VideoShare argues that that leads
01:41:49 to an absurd result. I don't agree that it's an absurd
01:41:53 result. It was maybe a surprising choice that VideoShare
01:41:56 made to do this. It had other options. VideoShare could
01:41:59 have responded during prosecution of the '341 patent to the
01:42:04 double patenting rejection in -- in numerous other ways.
01:42:09 It could have disputed the examiner's holding or

01:42:14 determination -- we didn't lose the judge, right? Okay.
01:42:20 Just making sure. Okay. Sorry, I panicked. Sorry, I
01:42:22 thought my video maybe went down.
01:42:25 VideoShare could have disputed the examiner's
01:42:27 finding that the claims were not patentably distinct. It
01:42:31 could have disputed that finding with respect to the two
01:42:37 expired patent -- or two invalidated patents, the '302 and
01:42:42 '608, and then terminally disclaimed as to the other
01:42:45 patents that hadn't been invalidated. There are -- there
01:42:47 are other options that VideoShare had during the
01:42:49 prosecution.
01:42:52 That it chose to file a terminal disclaimer trying
01:42:55 to tie a -- or tying a -- an expiration date or termination
01:43:03 date back to two already terminated patents is -- is likely
01:43:06 something that the Patent Office, had it known that those
01:43:08 two patents had already been terminated, the Patent Office
01:43:12 probably shouldn't have allowed that to happen.
01:43:14 We think that that's evidence that the Patent
01:43:16 Office, in fact, didn't know that those two patents had
01:43:19 already terminated.
01:43:20 But in any event, that is now the situation that
01:43:23 we -- we face, and, you know, Courts are clear that
01:43:32 District Courts have to address errors that were made in
01:43:35 the issuance of patents all the time. And so at best, this
01:43:39 was an error that the Patent Office made and shouldn't have

issued this patent.

But, again, the fact remains VideoShare was very clear that in its terminal disclaimer, it tied the termination of the '341 patent to the termination of the '302 and '608 patents, and we think that as a matter of law, it is clear that the results of that is that the '341 patent has no term during which VideoShare can enforce the right to exclude, and, therefore, VideoShare's claims should be dismissed.

And with that, I think I'll pause and find out if maybe Your Honor has some questions that I might be able to address.

THE COURT: I don't. I feel like I must have made some progress in my reputation that you didn't have a 25-page PowerPoint to explain to me what a terminal disclaimer was when you started, like would have happened two and a half years ago.

So, no, I thought that was very efficient. I thought it was very informative.

So -- and a rebuttal?

MS. SIMMONS: Thank you, Your Honor.

MR. ELLERMAN: Yes. Thank you, Your Honor.

I do have some slides I'd like to share with the Court if I can have permission to share my screen.

All right. Your Honor, I want to discuss a few

01:45:14 subjects with the Court today. First of all, in light of
01:45:21 the Court's comment just now about terminal disclaimers, I
01:45:25 don't feel the need I need -- that I need to go into those
01:45:27 things. So I'm going to short-circuit this a little bit.
01:45:32 But I do want to specifically look at VideoShare's
01:45:34 terminal disclaimer, and then I will show the Court that
01:45:36 the language of that disclaimer is clear and unambiguous,
01:45:40 clearly shows on its face what VideoShare intended.
01:45:43 I'm going to --
01:45:45 THE COURT: I will welcome that. I think -- I
01:45:46 think that would be very relevant. That would be very
01:45:50 helpful.
01:45:50 MR. ELLERMAN: Yes. And then, Your Honor, we're
01:45:53 going to look specifically at the Eli Lilly opinion, not
01:45:55 only Footnote 5, but some background information about the
01:45:58 case digging into the party's briefs, in particular, to
01:46:03 show why we believe that footnote appeared out of nowhere
01:46:08 into that case and what the Court meant by it.
01:46:10 As you heard a moment ago, opposing counsel stated
01:46:16 that the Footnote 5 in Eli Lilly is not dicta. We're going
01:46:19 to show the Court that it is 100 percent absolutely dicta,
01:46:25 but that even if it's not, even if it is controlling,
01:46:29 VideoShare's terminal disclaimer is consistent with that
01:46:32 dicta.
01:46:33 And, finally, I think it's important for the Court

to recognize some of the absurd consequences that may result if Google wins this motion.

Now, I do want to talk briefly about the concept of double patenting as pertains to this case, because as the Court will recall, Google filed a prior motion to dismiss, and in that prior motion, it contended that this case was barred by res judicata because VideoShare was asserting a patent that was patentable -- patently indistinct from a prior patent that had been invalidated in Delaware.

And what I'm showing here, Your Honor, is there wasn't a double patenting here. The Court's already addressed that issue in -- in its opinion in the prior motion to dismiss. As we explained to the Court then, the claims of the '341 patent are significantly distinct from those of the earlier patent.

VideoShare was not trying to extend its patent monopoly here. It was simply doing what a lot of applicants do when -- when their patents get invalidated. It went back, and it filed a continuation. It got a new, different, better patent that didn't have the perceived deficiencies of the older one.

When interpreting a terminal disclaimer, it's important to recognize that a patent that's modified by one is still independently presumed valid. It's a different

patent, as the Court held in its prior -- its prior opinion on the earlier motion to dismiss. Invalidity doctrines will apply separately to two -- two -- the two separate patents. If there are any ambiguities in a terminal disclaimer, and we'll see that there aren't any here, those should always be construed in favor of validity, and a Court should consider the purpose of all statements made to the Patent Office.

So let's look at the terminal disclaimer at issue in this case. And here, we've -- I've split it into two slides because there are two different sections to it.

This first one is the most important one, and it's -- it's the section of the disclaimer that we -- we believe applies here.

What VideoShare disclaimed here is any term of the '341 patent that would extend beyond the full statutory term of the prior patents on this list, period. I don't think there can be any question about what full statutory term means here. Anybody reviewing this document would understand that it means the full 20-year terms of the prior patents under Section 154.

Now, Google completely ignores this primary part of the terminal disclaimer. What it focuses on is this second part, which all it does is clarify VideoShare's intent that if any of the earlier patents listed there, if

any of those terms were cut short, like for a finding of invalidity, failure to pay maintenance fees, or if they're terminated prior to the statutory expiration, then that would not operate to shorten the life of the '341 patent.

Google zeros in here on the word "later" used before this bulleted list. That's what its entire argument hinges on. But because these examples are couched in terms of things that may happen later to the prior patents, they don't apply because the prior patents had already been invalidated earlier.

But we don't think that's the part of the disclaimer that's necessarily applicable here. The first part that I showed you a moment ago is what applies, and it says that the -- the '341 patent shall extend to the full -- the full length of the statutory term of any -- of the prior patents.

THE COURT: Could you go back to that slide, please, the one right before?

MR. ELLERMAN: Yes, Your Honor.

THE COURT: One more. Okay. And which slide number is that?

MR. ELLERMAN: Slide 6, Your Honor.

THE COURT: Okay. Thank you.

And I'm sorry I interrupted you. You're welcome to move on. I just -- I'm going to make sure I hear from

Ms. Simmons about the argument that you made on that slide.

MR. ELLERMAN: And, Your Honor, I do want to point out that the language VideoShare used in its terminal disclaimer is not something that it came up with on its own. It's not something that VideoShare drafted or created.

As shown here, the language used in the terminal disclaimer is verbatim the language used in the patents -- the Patent Office's published form for a terminal disclaimer. There's literal nothing different at all about it. And this is the form that virtually every patentee that use -- every patentee uses to avoid the hassle of dealing with a rejection for double patenting.

So we think it's clear on the face of the disclaimer that -- what -- what VideoShare intended here.

Google's whole argument is based on those later exceptions that I showed you. It disregards the language of the overall disclaimer itself, that VideoShare intended -- that the term of the patent would extend to the full statutory term of any of those listed prior patents.

And Google's motion also assumes that the Patent Office would for some reason choose to grant a patent, even though it would have no term whatsoever and basically would be stillborn at the time it issues. That makes no sense.

And it's apparent on the face of the disclaimer

what VideoShare intended to do here. In light of the PTO's issuance of the patent, it's apparent that the PTO understood that intent, as well.

The listed exceptions that Google relies on in that second slide I showed you just clarifies what VideoShare meant. It meant to tie the '341 patent's expiration to the full statutory terms of any of those prior patents and not to any shortened terms.

Your Honor, this statement right here from Google's motion to dismiss says it all. There's no authority that they've been able to find that would justify dismissal of this case.

So let's talk about what they do have. Eli Lilly -- Eli Lilly. That case doesn't apply here at all. Eli Lilly was a case of pure double patenting.

In that case, Lilly was trying to extend its patent monopoly on the drug, Prozac. And the facts are very complex in that litigation, but the basic gist was Lilly obtained patents on use of the drug in humans, and then when time was running out on those patents, it tried to get a broader patent on the drug's use in animals. But, you know, of course, humans are animals, too. So that was a clear case of double patenting.

So the only issue that the Federal Circuit was presented with was whether that later patent could survive

the test for double patenting.

The Court specifically stated in its analysis that on appeal, we limit our inquiry to an analysis of whether the later patent is invalid for double patenting over the earlier patent.

There was no terminal disclaimer at issue at all in that case. Eli Lilly never filed a terminal disclaimer. It never argued that it could file a terminal disclaimer. It obviously did not want to file a terminal disclaimer because that would ruin its plan to extend its monopoly.

So the Court never had to address the effect of a terminal disclaimer, and its holding was strictly that Lilly's later patent was invalid for double patenting.

Now, let's look at Footnote 5. And what I -- the factual background that I just described to you is what makes Footnote 5's appearance in this opinion so bizarre.

The footnote really came out of nowhere and was placed at the end of a string cite on the general law of double patenting, and it addresses a hypothetical scenario that the Court was never presented with because Lilly never terminally disclaimed anything -- never terminally disclaimed the later patent.

What Lilly did was the exact opposite of that. It tried to avoid double patenting by disclaiming the earlier patent. So the only statement in this footnote that has

any real significance at all is where it says, a patent owner cannot avoid double patenting by disclaiming the earlier patent.

That's pretty obvious. That would have still allowed Lilly -- Lilly's later patent to have a life that extended beyond the term of the earlier patent.

Now, to try to make sense of -- of why this footnote appeared and why the Court wrote it, we took a look at all the briefing from the Eli Lilly case, from the Federal Circuit all the way through the Cert petition, and one thing that we saw is that the Defendant in that case repeatedly condoned and almost to the point, Your Honor, of recommending that Eli Lilly should have done what VideoShare did.

In its Federal Circuit brief, the Defendant pointed out that Lilly could have avoided double patenting altogether by filing a terminal disclaimer on the later patent. But what it did was the exact opposite. It disclaimed the earlier patent.

And in its response to Lilly's Cert petition, the Defendant pointed out that during six years of litigation, Lilly never even attempted to file a terminal disclaimer, and any arguments about a terminal disclaimer were never ripe for adjudication.

So the facts of Eli Lilly are the exact opposite

of what happened here.

VideoShare didn't disclaim its prior patent. It terminally disclaimed a later one, which is what Eli Lilly should have done all along.

Now, based on that, there's no question that Eli Lilly's Footnote 5 is pure dicta. The Court itself stated that it was focused on the merits of double patenting. There was never any issue presented about a terminal disclaimer. And if you look at the footnote, the Court did not even cite any authority at all for its statement about the effect of terminal disclaimers.

As Google itself concedes in its motion, there is no such authority. Nothing in the disclaimer statute or the rules implementing it require a patent to be in force as a condition precedent to disclaiming a portion of the second patent. And nothing about that -- that rule announced in Footnote 5 would further the goal of preventing double patenting.

So Footnote 5 is pure dicta. But I think it's important for the Court to know that even if the statements in that foot -- footnote somehow are controlling, VideoShare's terminal disclaimer is completely on all fours with it.

The highlighted part here of Footnote 5 is the real point that the Federal Circuit was making, that

because Eli Lilly disclaimed the earlier patent, it cannot now terminally disclaim the later patent to expire at the time the earlier patent would have expired had it not been disclaimed.

Now, at most, what that statement means is that a terminal disclaimer of a later -- later patent has to be coextensive with any prior disclaimers on the earlier patent.

So let's look once again at VideoShare's terminal disclaimer.

And I don't know if the PTO's standard form disclaimer was taking that footnote of Eli Lilly into account when it was drafted, but VideoShare's disclaimer, based on that form, reflects the exact statement the Federal Circuit made in Footnote 5. It says that VideoShare disclaims any part of the term of the '341 patent that would extend beyond the full statutory term of the prior patents -- down here at the bottom, it says, as the term of the prior patents are presently shortened by any terminal disclaimer themselves.

So what that means is if the prior patents were incumbered by a disclaimer, then that would serve to shorten the life of the '34 -- '341 patent to be coextensive with any terminal disclaimers on those patents.

That's exactly what Footnote 5 of Eli Lilly says.

Your Honor, another point that occurs to me as I was listening to opposing counsel a minute ago, one of the most important distinctions, I think, between this case and Eli Lilly is, as I mentioned, VideoShare did not engage in double patenting. But in Eli Lilly, the Court specifically found that double patenting had occurred.

The two patents in that case were basically identical to each other. As I said, one's for Prozac in humans. The later one was for Prozac in animals. They were the same thing. And because the first patent had been disclaimed, Eli Lilly wouldn't be able to file a terminal disclaimer on the second patent in order to make its life coextensive with the original full term of the first patent, because allowing that to happen would be basically allowing an identical patent to resurrect itself and live out the remainder of its statutory term. This situation is completely different.

VideoShare did not engage in double patenting. The Court has essentially found as much in connection with the prior motion to dismiss. These are different patents. The current one is presumed to be valid. All validity doctrines should be applied to it separately.

When faced with a double patenting objection, an applicant has two choices. They can fight it or file a terminal disclaimer.

Eli Lilly did the former. It fought it. It lost.

VideoShare did the latter. Rather than deal with the hassle of fighting it, it filed a terminal disclaimer.

So my point here is that without a finding or a litigation of the issue of double patenting, without a finding that VideoShare engaged in double patenting, VideoShare would not be prevented from having the term of its current patent be coextensive with the full terms of all the prior patents listed in the terminal disclaimer.

So, Your Honor, to sum up, what would it mean if Google's motion to dismiss is granted? Well, the first -- first thing I think it would mean is that the Court would be making new law based on bad dicta, but not only would it be making new law based on bad dicta, it would be expanding that dicta to encompass a situation that wasn't present, that is not -- that was not present in the Eli Lilly case.

But it would also lead to the absurd result that the PTO chose to grant a patent that would have dead on arrival and have no life whatsoever. It would mean that terminal disclaimers have to be interpreted in a hypertechnical way without regard to the obvious intent of the patentee. It would mean that the Patent Office's own terminal disclaimer form is pretty worthless and that it's going to cause plenty of massive problems for patent prosecutors who use it. It's going to mean that the,

quote, full statutory term, as used in the terminal disclaimer form, doesn't mean the full 20 years of Section 154, but it means there's some kind of sliding scale that may be less than that full 20 years. And it would also prohibit what VideoShare here -- what VideoShare did here, which I suspect is very common, that when a patent is invalidated, the patentee goes back and tries to get a new and different -- entirely different better patent, and if faced with a -- with an allegation of double patenting, the applicant won't be able to easily avoid that by filing a terminal disclaimer, because if it does so, its patent is going to be dead before it ever issues.

And I suspect that there are quite a lot of patents out there with these disclaimers -- these disclaimers on them that are going to be completely killed if Google is correct here.

THE COURT: Thank you, sir.

Ms. Simmons, you're absolutely free to say anything you want about -- in response, but I would -- I would prefer if you would -- would start -- if counsel could -- Mr. Ellerman could put up the slide I asked him about, and if you could address that first.

I wrote down -- I just wrote down slide without a number, so I can't help you. But if you could go through his argument with respect to this particular slide, and

then, of course, you're free to say anything else you care to.

MR. ELLERMAN: Of course, Your Honor.

Oh, am I -- there, I'm unmuted.

I believe you asked about Slide 6 when -- when that one was up; is that correct?

Mr. Ellerman, would you mind going to Slide 6?

I thought that was when you asked the question, Your Honor.

MR. ELLERMAN: I -- I'm -- I will certainly do that. I was just having some technical difficulties.

THE COURT: I can see it.

MS. SIMMONS: Was it this slide, Your Honor, or was it Slide 6?

THE COURT: Oh, no, no, no, this is not the right slide. I can see his -- there you go.

MS. SIMMONS: I just want to make sure I'm -- I made a note that I thought you asked about that for Slide 6, but perhaps I got that wrong.

MR. ELLERMAN: Okay. I'm getting there now. My -- I think my battery on my remote is dying, but --

MS. SIMMONS: Oh, I understand.

MR. ELLERMAN: There you go.

MS. SIMMONS: It is Friday afternoon, after all. I mean --

02:05:58 THE COURT: Here we go.

02:06:00 MS. SIMMONS: Was that the -- the slide, Your Honor?

02:06:01 THE COURT: Yes, ma'am.

02:06:02 MS. SIMMONS: Thank you.

02:06:02 I would love to start with that -- with that slide.

02:06:07 The -- the argument that I believe counsel was focused on with respect to this slide was what does full statutory term mean?

02:06:13 Is that -- am I headed in the right direction, Your Honor? Was that where --

02:06:19 THE COURT: Yes. Yes, ma'am, you are.

02:06:22 MS. SIMMONS: Great. And that was definitely on my list to address.

02:06:26 Full statutory term, based on Federal Circuit precedent, clearly means whatever term that the patentee is permitted to or continues to have the right to exclude.

02:06:30 Now, it's our view that Eli Lilly makes this clear in and of itself in the footnote by saying that a -- the patentee in that case, that Eli Lilly could not go back and terminally disclaim the full statutory or default under the statute 20-year term anymore because that term had been shortened through a disclaimer. But that's not the only case that stands for that proposition.

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We cited several in our briefing. One is the Korsinsky -- Korsinsky, if I'm saying that correctly -- case against Microsoft. And in that case, the Federal Circuit found that there could be no infringement, quote, during the term of the patent thereof. So addressing the patent that was at issue in this case, under 271 because that patent had expired for failure to pay maintenance fees.

And so in that case, the reason that the 20-year term -- you know, the patent didn't live out the default 20-year term is because it had expired. And, therefore, the term was adjusted.

Term must mean, as it is used in multiple statutes, the period of time during which the patentee enjoys the right to exclude. And I can go through other cases. They're cited in our briefing, but that is the way that the Federal Circuit regularly and consistently uses the phrase "term of the patent."

You can't collect royalties, for example, on a patent that has been invalidated because the term has been shortened. You can only collect royalties during the term of the patent, meaning the time within which the patentee can enforce that patent against others and exclude them from practicing the claimed invention.

And so it -- it may be the case that VideoShare,

when it used this language in the terminal disclaimer, wanted that language to refer to the default 20-year term, but Eli Lilly and numerous other Federal Circuit cases make it clear that that is not what it means in the -- in the use of a terminal disclaimer or in any other context.

Statutory term is the term that the patent is enforceable.

And so, you know, we agree that the language here is clear. We also agree that Federal Circuit precedent is clear, and, of course, that's the only thing that makes sense. It wouldn't make sense to say that this 20-year default continues to have some meaning after it's been adjusted for the -- the patent in question. What -- how would that make sense anymore? And how would that serve the public notice function of a terminal disclaimer?

How -- how on earth would the public know that -- that somehow this is -- this full statutory term isn't the actual term anymore of the patent, as it has been determined in reality? It's this default, and it's always going to be the default regardless of what happens.

That's simply not consistent with statutory term, as it is used consistently by the Federal Circuit. And, again, as the Federal Circuit said in the Eli Lilly Footnote 5 -- made it clear, you can't terminally disclaim back to when the patent would have expired.

So that, to me, directly refutes VideoShare's argument as to what the meaning of full statutory term is in the terminal disclaimer.

Now, I wanted to also address -- if that answers Your Honor's questions about that slide?

THE COURT: Yes, ma'am. Yes, ma'am. Thank you.

MS. SIMMONS: Thank you.

I wanted to also address a couple of additional points.

One is, first, I just -- I want to make it clear that Google's motion does not ask nor does it require the Court to make a determination as to validity of the '341 patent. That is not at all what we are asking.

The motion doesn't seek such a finding. The motion doesn't seek to have the Court nor does the Court need to decide whether or not the double patenting rejection was right and should have been issued.

All of that is not relevant and not dispositive of the issues in this motion.

The issue in this motion, as I tried to explain at the very beginning is actually very narrow, and it is that VideoShare made a decision as to how it would address that rejection, and that decision was to state in a filing before the Patent Office and to the public that the '341 patent would terminate on the same date that the '302 and

'608 patents terminated. And that -- that's as -- it's as straightforward as that, honestly.

And so what VideoShare did by doing that is disclaimed the term of the '341 patent, and that is what we're asking the Court to find as it -- as the Federal Circuit has instructed it should find in the Eli Lilly case.

That -- that is not the same as a finding of invalidity or as a finding of double patenting or, you know, any of the other list of horribles that -- that opposing counsel suggests would flow from granting Google's motion.

And, in fact, opposing counsel several times made the claim that what VideoShare did is what a lot of patentees do, which is I had an earlier patent that had some issues with it, and so I now come back with a new, different, better patent, I believe is how counsel described it.

And we agree. There's nothing wrong with doing that. And if a patentee does that and the Patent Office comes back with a double patenting objection, the patentee is absolutely within its rights and has the option to explain to the Patent Office why this new patent is newer, different, and better, and doesn't suffer from the deficiencies that the previous patent did.

And that's why double patenting doesn't apply, and that's -- that's not an appropriate rejection.

VideoShare could have done that here, but VideoShare said -- I believe opposing counsel said, you know, it's a hassle. It's a hassle to have to do that, and it's easier to file a terminal disclaimer.

And -- and so that is what VideoShare did and is now stuck, essentially, with the consequences of having done it that way.

So granting Google's motion in no way, shape, or form prevents patentees from filing newer, different, and better patents to overcome deficiencies or issues with previous patents. Those patentees can all still file those patents and explain to the Patent Office if they face a double patenting rejection why that rejection is not appropriate because the newer claims are patentably distinct. They're newer and better and different.

And so that -- that hypothetical about the results that would follow with all sorts of patents being invalidated and terminal disclaimers no longer being able to serve their function certainly doesn't hold true.

So I want to make it clear, though, once again, and I apologize if I'm repeating myself, our motion does not ask the Court to decide that the double patenting objection that -- or rejection that the Patent Office

issued was right or not right. It honestly doesn't matter to this Court's decision on Google's motion.

Google's motion is strictly limited to what is the appropriate termination date for the '341 patent. VideoShare said what that was. And now, you know, has to live with the consequences of that.

The next point -- and this may be my last point that I wanted to make. I don't want to -- if this is the last hearing Your Honor has, I certainly don't want to stand between everybody's Friday afternoon, but --

THE COURT: No, I'm -- I'm enjoying this. Other than you're making -- both making it much harder for me to make my decision by doing such a great job, I -- as Mr. Mann would tell you, I actually enjoy these hearings.

So you're -- please take as much time as you want.

MS. SIMMONS: Well, thank you, Your Honor. I certainly don't want to overstay my welcome.

This -- this -- I confess this issue is bit like a law school exam issue. It is -- it is more interesting maybe than some of those that we face on our day-to-day cases.

But back to the germane issues. The -- Footnote 5, I did want to address opposing counsel's argument that Footnote 5 is -- is dicta. I -- we obviously do not agree with that, and we think it is clear from the opinion

itself, in addition to the dissent, that Footnote 5 is not dicta.

Opposing counsel described the situation by saying that the Defendant Lilly could have avoided the -- or the Defendant argued in the appellate briefing that Lilly could have avoided the double patenting by filing a terminal disclaimer. We completely agree.

And that is why the Federal Circuit had to address that issue in this footnote because the Federal Circuit in the footnote is essentially dealing with the issue of whether or not it needs to go on and decide the merits of the double patenting issue.

So had Eli Lilly had the option of being able to file a terminal disclaimer to overcome the double patenting issue, then at least it seems theoretical -- theoretically possible that the Federal Circuit could have remanded the case to give Eli Lilly the opportunity to do that, and then the District Court could have dealt with it from there and what the results were.

But what the Federal Circuit is saying -- this Footnote 5 doesn't come out of nowhere. To the contrary, the Federal Circuit is addressing that possibility and -- and explaining why it is -- it would be futile to give Eli Lilly that option because, as a matter of law, Eli Lilly can't do that. It cannot file a terminal disclaimer that

would disclaim -- or that would tie the termination of the second patent back to the, you know, 20-year date that previously existed for the first patent. That's no longer an option for them.

And so that is why we, the Federal Circuit, have to proceed with the -- the analysis on the merits of the double patenting issue and make a decision on that, because it would be futile to send it back to the District Court to give Eli Lilly that option.

And so it is absolutely material to the Federal Circuit's opinion, and it does not come out of nowhere.

And as I mentioned, Judge Newman, at 975 of the opinion in her dissent makes it clear. She refers to the fact that this was one of the holdings of the panel. The panel also holds that because Lilly disclaimed the Stark patent before the trial, this bars Lilly from disclaiming that portion of the second patent that would have extended beyond the first patent's original life.

Judge Newman is -- she disagrees with that, but she's clearly recognizing it as one of the holdings of the Court that the Court had to reach. It's not dicta. So --

THE COURT: Okay. Thank you.

MS. SIMMONS: -- I want to make sure that was -- I think that was all that I had in my notes.

I guess what my -- my last point -- sorry to be a

little disjointed.

My last point that I wanted to make is that it would -- the opposing counsel talked about the fact that it would not be appropriate to allow -- and appears to agree that it would not be appropriate to allow a patentee to use a terminal disclaimer to go back and resurrect, you know, a patent that -- a previous patent that had issues.

And we agree with that entirely. And that is, in fact, exactly what VideoShare is trying to do here.

So VideoShare is trying to say that the previous patent had issues and was finally adjudicated as invalid, but to extend the life of what that previous patent would have been, we should be allowed to file this terminal disclaimer to overcome the double patenting objection and set the date to what the termination date would have been for those previous patents had they not been terminated.

That is -- that is simply an improper result, and the fact that we couldn't find cases that dealt with those exact facts -- we found cases that we believe are dispositive of this issue but that deal with that exact fact pattern is -- is frankly not completely surprising because it is, in fact, quite surprising that a patentee would try to disclaim a second patent back to the date of a patent that it full well knew had already been terminated through a Federal Circuit opinion.

Ask yourself why -- why VideoShare wanted to try to do that. I, you know -- I can only speculate at this point, and that may be the subject of other motions. But at this point, all that this Court needs to know is that that is, in fact, what they did.

The termination date, therefore, is set as a matter of law as the termination date of the '302 and '608 patents, and, therefore, we ask the Court to grant Google's motion for judgment on the pleadings and dismiss VideoShare's infringement claim.

THE COURT: Very fine.

Mr. Ellerman?

MR. ELLERMAN: Yes, Your Honor. I just have a couple of points I'd like to make, and I'll be brief.

First of all, I'm going to leave this slide up for a second because I want to -- I want to talk about it for a minute.

The terminal disclaimer's use of the words "full statutory term," I mean, that has meaning. And what I've heard from opposing counsel is that's an ambiguous term that, you know, could mean the full 20 years, could mean some period less than 20 years. It's a sliding scale that depends on any myriad of circumstances.

But anybody looking at this document is going to give meaning to the word "full" and "statutory."

What does that mean? Obviously, it means Section 154. It's the full 20-year statutory term of the patent. And as far as serving a public notice function, that's going to give anybody that looks at this notice that what VideoShare intended was that the '341 patent's term would be coextensive with the full 20-year term with any of the prior patents on that list.

Now, at the bottom there, there's a limitation that says: However, if any of those prior patents are themselves shortened by a terminal disclaimer, then the term of the '341 patent is going to similarly be limited by that disclaimer.

That is exactly what Footnote 5 of Eli Lilly is talking about. Footnote 5 said that because Eli Lilly not just terminally disclaimed but entirely disclaimed the prior patent, the subsequent patent was going to have to be bound by that disclaimer, and since it was disclaimed in its entirety, the subsequent patent had no term either.

So these -- these words have meaning, Your Honor. "Full statutory term," I think the meaning is obvious. I think whoever drafted the form for the Patent Office understood and intended that to mean the full 20-year statutory term under Section 154.

But one other point I want to make, and I touched on this earlier, is that the biggest difference between

this case and Eli Lilly is that Eli Lilly involved double patenting. That was the entire focus of the Federal Circuit's opinion in that case is whether or not double patenting had occurred. And the Court held that it had.

And so in a situation with double patenting having been found, Footnote 5 makes perfect sense, because what the Court was saying is these two patents are identical. And we can't have a situation where a later patent can be terminally disclaimed in a way that's going to resurrect the identical patent from the dead.

Here, we don't have that. There's no finding of double patenting. The Court has already addressed the issue with respect to the prior motion to dismiss, and as I quote from the Court's prior opinion, even a cursory review of the claim language of the two patents -- the two VideoShare patents shows that the '341 patent uses broader claim language, thus indicating potentially broader claim scope.

And there's a lot more to the Court's analysis that the Court is familiar with, but this is -- this is an entirely different situation.

I don't know what Footnote 5 can be called if it's not dicta, because the Court's own words were we are focused on an analysis -- a two-step analysis for double patenting. And for a footnote about a terminal disclaimer

to appear out of nowhere when there was never any terminal disclaimer filed, much less contemplated, really makes no sense.

THE COURT: Very good.

Anything else you wanted to add, Ms. Simmons?

MS. SIMMONS: Again, at the risk of overstaying my welcome, I would say that we -- just to clarify, it is not our position that full statutory term is a -- is a phrase that is ambiguous. We think its meaning is abundantly clear from Federal -- binding Federal Circuit precedent. It is the term during which the patentee has the right to exclude.

And here, the term "full statutory term" of the '302 and '608 patents was modified, just as it could have been modified by a patentee filing a terminal disclaimer as is acknowledged in VideoShare's language and in its own terminal disclaimer. It also could have been modify by a Federal Circuit opinion, which is what happened, or, as some decisions have held, by failure to pay the fees.

Whatever happened to -- to modify that term that the patentee has the right to exclude, that is now the new full statutory term, and we think that meaning is clear.

And so I just wanted to clarify, we are not arguing that that term is ambiguous.

THE COURT: Okey-dokey. Anything else from

anyone?

MR. ELLERMAN: No, Your Honor.

THE COURT: I thank you all. I hope you all have a terrific weekend. I head to beautiful Del Rio, Texas, next week. You may have missed it on the news, but they're having some immigration issues there. And -- and so I'll get to spend a week on the border handling cases down there, which should be interesting.

So wherever you are next week will probably be geographically better than where I am. But I hope you all have a good weekend.

And we are working hard on this issue, and we hope to get something out in the -- in the very near future.

Take care.

MR. ELLERMAN: Thank you, Your Honor.

MS. SIMMONS: Thank you, Your Honor.

(Hearing concluded at 2:27 p.m.)

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct transcript from the stenographic notes of the proceedings in the above-entitled matter to the best of my ability.

/S/ Shelly Holmes 9/9/2021

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Date